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 1st year PPE, E & M, MH&E  
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## Microeconomics

### Lectures:

For E&M, PPE, E&MH: Introduction to Microeconomics (Dr C.Wallace)

For EEM: Microeconomics (Dr.E.Robinson)

The tutorials are NO SUBSTITUTE for the lectures. During the tutorials, we cannot cover all topics touched upon in the lectures. At the same time, the lectures are at times not going into enough detail for a full grasp of the issues, as required for the prelims exam (for PPE, E&M, MH&E) or to form the basis for the further courses (for EEM, E&M, PEE). It is strongly advised to take the courses, and to try to find an as efficient way as possible to make the lectures worthwhile. This will include reading some of the material beforehand, (for Dr Wallace's course) to print out all the slides beforehand. The entire lecture course is based on a few key texts – reading them to keep up is strongly recommended. Do not get behind: you do not have time to catch up later.

Further information on the web via:

-Introduction to Economics at Jesus College

<http://www.economics.ox.ac.uk/members/stefan.dercon/intronotePPE,EM.pdf>

-My webpage:

<http://www.economics.ox.ac.uk/members/stefan.dercon/>

-Economics Department Webpage

<http://www.economics.ox.ac.uk/Intra/Under/UGInfo.htm>

(specific

undergraduates)

<http://www.economics.ox.ac.uk/> (general)

### Organisation

There will be 6 tutorial sessions for microeconomics in this course; four during Michaelmas Term and two during Hilary term. We will combine different forms: tutorial sessions with discussions of essays (with 2-3 students) and small classes (up to 6). A tutorial will typically last one hour, a class about 1.5 to 2 hours.

You will be allocated in groups depending on your background (A-level economics). When we are having an 'essay week'. Each essay should be accompanied by an essay cover sheet (in Word on the web). This is a self-assessment form on the essay - you must complete this form. It is surprisingly helpful for both of us. Class assignments do not have to be handed in beforehand, and will not be marked, unless you wish so. But I will expect *to see* them during the class; you may also be asked to present the answer in the class at the blackboard.

There will be six topics:

1. Consumers I: Preferences, Budgets and Demand
2. Consumers II: Demand analysis
3. Firms I: Profits and Costs
4. Firms II: Perfect Competition and Monopoly
5. Equilibrium I: Welfare Economics, Taxation, Externalities and Public Goods
6. Equilibrium II: Oligopoly

Christmas vacation topics:

7. Games and Market Imperfections
8. International Trade

For the last two topics, there will not be specific tutorials, although you will be asked to write an essay that will be marked in due course. Issues raised by them will be kept until during the revision classes in June. But it is important to work on them during the vacation, since later on there will not be sufficient time for that.

For each topic, you will find below (i) recommended reading and reading guidance (ii) an essay title or a number of class questions (iii) further essay titles and questions for revision. For the early topics, the assignment will be different for those without A-level and those with A-level economics. This term, your focus should be on (i) reading with careful note-taking (ii) tackling questions (iii) learning to write a convincing economics essay.

### **For those without any economics**

Those students without A-level economics may at times feel intimidated by economics topics, not least by microeconomics. Two elementary textbooks cover parts of the topics of the course, although not at the required level. In the first few weeks, you may want to take them to hand to get a bit calmer about the topic. For example, chapter 2 in Lipsey gently introduces economic methods, while chapter 3 to 5 may help you to more confidently follow the first few lectures. Begg et al. does something similar in chapters 1 to 3 and in 5.

#### *Elementary texts*

Begg, D., R. Dornbusch and S. Fischer, (2000), *Economics*, 6<sup>th</sup> edition

Lipsey, R. and K.A. Chrystal (1999), *Principles of Economics*, 9<sup>th</sup> edition

In any case, you will have to allocate more time to economics than some of your fellow students – if only because it will take time to get used to terminology and method. Take this time. One approach could be to first identify the reading you will have to do in one of the key textbooks and then go back to Begg or Lipsey and find the equivalent, introductory chapters. Read the latter then first before taking notes and answering the questions via the books of the appropriate level.

## Essays

Essay writing in economics is a skill that you will need to develop. An economics essay usually starts with a statement of the approach taken to develop the answer and a brief explanation of the key concepts used. The body of the essay provide the analysis needed to answer the question. It is good practice to use diagrams and graphs, and possibly elementary mathematics in your answer. Make sure that the graphs or maths are carefully explained in terms of the economics involved: an answer full of formulas and graphs without a clear explanation of its economic meaning will result in poor marks. Also, carefully label axes and curves, and define symbols. Finally, the essay should conclude with a clear statement of the answer to the question. The most common reason for poor marks in an exam is a failure to answer the question.

A potentially useful book for those in doubt about essay writing in economics is E.Jowsey, (1998), *100 Essay Plans in Economics*, Oxford University Press.

## Key readings

*Microeconomics texts for the course*

Varian, H.R. (1999), *Intermediate Microeconomics: a modern approach*, 5<sup>th</sup> edition

Katz, M.L. and H.S.Rosen (1998), *Microeconomics* 3<sup>rd</sup> edition

You must acquire at least one of these books. Most tutors and lecturers seem to prefer Varian – its clear structure, its complementarity with his more advanced books and the possibility to build in mathematical argument. But I increasingly find Katz and Rosen a book that may suit many of you to think better through the issues; students seem to like it more. (Ask a second year student!) In a few cases, Varian may not cover all topics, so some flexibility will be required.

A higher level can be obtained in:

Gravelle, H. and R. Rees, (1992), *Microeconomics*, 2<sup>nd</sup> edition

This is an excellent book, but probably not entry-level economics – in fact, this is where we start in the 2<sup>nd</sup> year. It is also more mathematical, but with very good graphical analysis as well. Ideal to use when you start feeling very comfortable with Varian or Katz and Rosen to tackle specific topics.